

July 27, 2001

DWD Issuance 02-01

Subject: Substate Monitoring Requirements

1. Purpose: To implement Substate monitoring procedures in Local Areas designated under the Workforce Investment Act (WIA)
2. Substance: Department of Labor Regulation 20 CFR 667.410 (b) (6) authorizes the State to issue additional requirements and instructions to subrecipients on monitoring activities. In accordance with this regulation, Attachment I must be implemented by each Local Area July 1, 2001. The Division will offer technical assistance to Local Areas upon written request.
3. Action: After July 1, 2001 all monitoring conducted by Local Areas must be conducted in accordance with Attachment 1 of this issuance. Local areas may further interpret, but must not delete from or contradict the contents of this issuance. Any such interpretation must be retained on file in the local area.
4. Contact: If you have any questions regarding this issuance, please contact Lindell Thurman, Manager, Field Services Section at 573-751-7895.
5. Cross/  
Historical: 20 CFR 667.410. This issuance supercedes and replaces DWD Issuance 15-99.

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Rick Beasley, Acting Director

RB/LT/TR/jw

cc: John Cope  
Assistant Directors  
DWD Managers  
Regional Coordinators

## **Substate Monitoring Procedures**

Grant Recipients or Subrecipients (as appropriate) for each local area should develop and maintain on file written procedures for the monitoring of subcontractors. Local areas may consult previously written plans, procedures and technical assistance guides in the development of such procedures.

The following are considered to be the minimum elements and standards to be included in local area standards.

1. Identification of whom is to perform the oversight function – The procedures must address the organization and (if applicable) position that will perform any monitoring activities. The procedures should outline the method of selecting the organization or position designated to perform monitoring and demonstrate the monitors' independence from the duties or systems being monitored.
2. Identification of the Workforce Investment Board's (WIBs) and Chief Elected Official's (CEOs) roles in reviewing oversight and program evaluation information - The Workforce Investment Act (WIA) invests the Workforce Investment Board, in partnership with the Chief Elected Official(s) with responsibility for program oversight. Monitors should submit periodic reports to the WIB and CEO(s) in order for them to make appropriate judgements.

DWD requires periodic monitoring reports to the WIB and CEO(s) regarding service provider compliance with the terms and conditions of contractual scopes of work (including WIA statutory and regulatory requirements). Subcontractor and local area performance reviews must also be provided to the WIB and CEO(s) on a regular basis. Other areas that are to be covered in monitoring reports are the adequacy of assessment, WIA program activities and services, coordination with one-stop system partners to meet the comprehensive needs of customers, and customer outcomes.

WIA requires that when problems are identified, prompt and appropriate corrective action be taken. Reports to the WIB and CEO(s) shall be made in accordance with the appropriate provisions of the WIB/CEO Agreement.

3. The procedures must demonstrate that the local area's programmatic and operational oversight systems effectively regulate WIA and DWD Issuances.
4. Local areas must monitor OJT contracts to ensure that:
  - Reimbursements do not exceed 50% of the extraordinary cost of training a participant,
  - Subrecipients do not contract with employers who have previously exhibited a pattern of failing to provide OJT participants with continued long-term employment with wages, benefits and working conditions that are equal to those provided to regular employees who have worked a similar length of time and are doing the same type of work,
  - Length of training is appropriate in consideration of the skills required for the occupation, the academic and occupational skill level of the participant, prior work experience, and the participant's individual employment plan.
  - Employed workers who are being trained through OJT are not earning a self-sufficiency wage as determined by the local WIB policy, and that OJT relates to the introduction of new technologies, introduction of new production or service procedures, upgrading to new jobs that require additional skills, workplace literacy, or other appropriate purposes identified by the Local Board, and
  - Funds provided to employers for OJT or Customized training may not be used to directly or indirectly assist, promote or deter union organizing.
5. In addition to the procedures governing OJT contracts local areas must monitor customized training to ensure that:
  - Customized training is conducted with a commitment by the employer to employ, or in the case of incumbent workers, continue to employ, an individual on successful completion of the training, and

- That the employer pays not less than 50% of the cost of the training.
6. Substate monitoring procedures must include systems to ensure compliance with not only WIA, but with other Federal laws and regulations (i.e., Fair labor standards Act).
  7. Procedures should review program quality and provide for continuous improvement of service delivery.
  8. Local areas must use random sampling techniques in participant file reviews to test eligibility in every subcontractor and program that is operated. The following sample sizes are required at a minimum depending on the universe to be reviewed. The sample size should be applied to participant files from every funding source covered by the subcontract.

<b>Universe</b>	<b>Sample Size</b>
1-200	51
201-300	55
301-400	58
401-500	60
501-1,000	63
1,001-2,000	65
2,001-10,000	67

This table is based on random sampling for attributes when the expected rate of occurrence is not over 20 percent with a confidence level of 90%, plus or minus 8%.

9. Participant files are to be reviewed for, at a minimum, documentation of participant eligibility and/or priority for the programs and services received, orientation to services, appropriateness of services in which the participant is enrolled, orientation of the participant to his/her rights under complaint and grievance procedures, and (when applicable) Individual Employment Plans, Individual Training Plans, and, accuracy and appropriateness of participant payments.
10. A statistically valid sample of the documentation of supplemental verification of claimed job placements and credential achievement shall be included as part of the participant files review procedures.
11. Monitoring procedures shall include a counting of participant files and reconciliation with the number of files entered in the Toolbox case management system.
12. All off site intake forms (or if the total number exceeds 51, a random sample) should be compared to Toolbox entries to ensure the accuracy of information entered into the Toolbox case management system.
13. Monitoring procedures should include questionnaires and procedures for interviewing customers, employers, trainers, and operational and administrative staff of all subcontractors.
14. Monitoring procedures should include a description of the local areas oversight system to ensure compliance with all equal opportunities provisions of the Workforce Investment Act and other applicable Federal laws (referenced in §188 (a)(1) of WIA).